

In a Funk, Italy Sings an Aria of Disappointment

di Ian Fisher

ROME — All the world loves Italy because it is old but still glamorous. Because it eats and drinks well but is rarely fat or drunk. Because it is the place in a hyper-regulated Europe where people still debate with perfect intelligence what, really, the red in a stoplight might mean.

But these days, for all the outside adoration and all of its innate strengths, Italy seems not to love itself. The word here is “malessere,” or “malaise”; it implies a collective funk — economic, political and social — summed up in a recent poll: Italians, despite their claim to have mastered the art of living, say they are the least happy people in Western Europe.

“It’s a country that has lost a little of its will for the future,” said Walter Veltroni, the mayor of Rome and a possible future center-left prime minister. “There is more fear than hope.”

The problems are, for the most part, not new — and that is the problem. They have simply caught up to Italy over many years, and no one seems clear on how change can come — or if it is possible anymore at all.

Italy has charted its own way of belonging to Europe, struggling as few other countries do with fractured politics, uneven growth, organized crime and a tenuous sense of nationhood.

But frustration is rising that these old weaknesses are still no better, and in some cases they are worse, as the world outside outpaces the country. In 1987, Italy celebrated its economic parity with Britain. Now Spain, which joined the European Union only a year earlier, may soon overtake it, and Italy has fallen behind Britain.

Italy’s low-tech way of life may enthrall tourists, but Internet use and commerce here are among the lowest in Europe, as are wages, foreign investment and growth. Pensions, public debt and the cost of government are among the highest.

The latest numbers show a nation older and poorer — to the point that Italy’s top bishop has proposed a major expansion of food packages for the poor.

Worse, worry is growing that Italy’s strengths are degrading into weaknesses. Small and medium-size businesses, long the nation’s family-run backbone, are struggling in a globalized economy, particularly with low-wage competition from China.

Doubt clouds the family itself: 70 percent of Italians between 20 and 30 still live at home, condemning the young to an extended and underproductive adolescence. Many of the brightest, like the poorest a century ago, leave Italy.

The stakes have risen so high that Ronald P. Spogli, the American ambassador and someone with 40 years of experience with Italy, warns that it risks a diminished international role and relationship with Washington. America’s best friends, he notes, are its business partners — and Italy, comparatively, is not high among them. Bureaucracy and unclear rules kept United States investment in Italy in 2004 to \$16.9 billion. The figure for Spain was \$49.3 billion.

“They need to sever the ivy that has grown up around this fantastic 2,500-year-old tree that is threatening to kill the tree,” Mr. Spogli said.

But interviews with possible prime ministers, businesspeople, academics, economists and other Italians suggest that the largest reason for this malaise seems to be the feeling that there is little hope that the ivy can be cut, and that is making Italians both sad and angry.

An Angry Message

“Basta! Basta! Basta!” Beppe Grillo, a 59-year-old comic and blogger with swooping gray hair, howled in an interview. The word means “enough,” and he repeated it to make his point to Italy’s political class clear.

In recent months, Mr. Grillo has become the defining personification of Italy’s foul mood. On Sept. 8, he gave that mood a loud voice when he called for a day of rage, to scream across Piazza Maggiore in Bologna an obscenity politely translated as “Take a hike!”

A few thousand people were expected. But 50,000 jammed into the piazza, and 250,000 signed a petition for changes like term limits and the direct election of lawmakers. (Voters now cast their ballots for parties, which then choose who serves in Parliament, without the voters’ consent.)

His message was enough inaction and excess (Italian lawmakers are the best paid in Europe, driven around by the Continent’s largest fleet of chauffeured cars), enough convicted criminals in Parliament (there are 24), enough of the same, tired old faces.

“The whole kettle of fish stinks to high heaven!” he yelled. “The stench rises from the sewers and swirls around and you can’t cope.”

Mr. Grillo leans to the political left, but he spares neither side in his sold-out shows and popular blog. The problem, he said, is the system itself.

There is a link between the nation’s errant political system and its worsening mood. Luisa Corrado, an Italian economist, led the research behind the study at the University of Cambridge that found Italians to be the least happy of 15 Western European nations. The researchers linked differences in reported happiness across countries with several socio-demographic and political factors, including trust in the world around them, not least in government.

In Denmark, the happiest nation, 64 percent trusted their Parliament. For Italians, the number was 36 percent. “Unfortunately we found this issue of social trust was a bit missing” in Italy, Ms. Corrado said.

Two popular books that set off months of debate capture the distrust of large powers that cannot be controlled. One, “The Caste,” sold a million copies (in a nation where sales of 20,000 make a best seller) by exposing the sins of Italy’s political class and how it became privileged and unaccountable. Even the presidency, once above the fray, was not spared; the book put the office’s annual cost at \$328 million, four times as much as Buckingham Palace.

The other book, “Gomorra,” which sold 750,000 copies, concerns the mob around Naples, the camorra. But politics, it argues, allows the camorra to flourish, keeping Italy’s lagging south poor, and organized crime, by a recent study, the economy’s largest sector.

These are Italy’s age-old problems, but Alexander Stille, a Columbia University professor and an expert on Italy, argues that this moment is different. While the economy expanded, from the 1950s to the 1990s, Italians would tolerate bad behavior from their leaders.

But growth has been slow for years, and the quality of life is declining. Statistics now show that 11 percent of Italian families live under the poverty line, and that 15 percent have trouble spreading their salary over the month.

“The level of anger is great because before you could slough it off,” Mr. Stille said. “Now life is harder.”

Italians rarely associate the current crop of aging leaders with a capacity to change. They are the same people who have traded terms in power for more than a decade. Last year, Silvio Berlusconi, Italy’s richest man who became prime minister for the first time in 1994, was voted out for not keeping his promises for American-style growth and opportunities based on merit. When he left office, economic growth was at zero.

But it became clear that getting rid of the center-right Mr. Berlusconi would be no magic cure. Romano Prodi, who had served as prime minister from 1996 to 1998, won, but he was saddled with a shaky coalition of nine warring parties.

He promised a clean slate, but his unwieldy center-left government disappointed with its first symbolic act: its cabinet had 102 ministers, a new record. He has pushed through two reform

packages, and the economy is growing again. "Ours is not a happy situation, but it is better than before," he said.

But the government has fallen once and threatens to fall again at every difficult vote. Small proposals bring protesters to the streets, one hurdle to making changes as protected interests seek to preserve themselves. Pharmacists shut their doors this year when the government threatened to allow supermarkets to sell aspirin. The cost for just 20 aspirin tablets at a pharmacy is \$5.75.

The measure passed, but the government is largely paralyzed. Voters are fed up, and Mr. Prodi's foes know it.

"I understand the bad humor, the malaise," said Gianfranco Fini, leader of National Alliance, the second-largest opposition party. "People are starting to get strongly angry because you have a government that doesn't do anything."

The Generational Divide

"It's a sadness that what could be isn't — that we are not a normal country," said Gianluca Gamboni, 36, a financial adviser in Rome, summing up how he feels about Italy, which he loves, but which drives him insane.

Unlike the older generation, he travels and sees how much better things work elsewhere. He does not spare himself: he still lives with his parents, not because he wants to, but because only now, after seven years at his job, can he afford Rome's high rents. He is finally considering a place of his own.

Mr. Gamboni is on the younger side of Italy's generational divide — a lens through which many of the country's problems come into focus. It is one of several subterranean forces, easy to overlook at first, but that taken together make clear how much Italy has changed over the past several decades and how little that change has been digested.

Over a century, ending in the 1970s, 25 million Italians left for better lives elsewhere. Now, Italy is home to 3.7 million immigrants. The Roman Catholic Church's position is diminishing, from a cultural pillar to a lobbying group.

Politically, Italy seems not to have adjusted to the death, in 1992, of the Christian Democrats, who governed for more than 40 years. Economically, it was once easy to solve problems by devaluing the currency, the lira. That is now impossible with the euro, which has also increased prices, particularly for housing.

Then there is the family. The divorce rate has risen. Large families are a thing of the past. Italy has one of Europe's lowest birth rates, the fewest children under 15 and the greatest number of people over 85, apart from Sweden. Unemployment is low, at 6 percent. But 21 percent of the population between 15 and 24 did not work in 2006. And the old are not letting go.

Evidence of Italy's age is everywhere. In parks, clutches of old ladies coo at a single toddler. On television, stars are craggy. (The median age for the presenters of this year's Miss Italia contest was 70. The winner, Silvia Battisti, was 18.) In the political sphere, Mr. Prodi is 68, Mr. Berlusconi 71.

"The generational problem is the Italian problem," said Mario Adinolfi, 36, a blogger and an aspiring lawmaker. "In every country young people hope. Here in Italy there is no hope anymore. Your mom keeps you home nice and softly, and you stay there and you don't fight. And if you don't fight, it is impossible to take power from anybody."

"We don't have a Google," he added. "We can't imagine in Italy that a 30-year-old opens a business in a garage."

Selling a Notion of Italy

In September, word spread through a house of young Romans, over beer and pasta, that Luciano Pavarotti, the tenor and arguably the world's most famous Italian, had died. "Damn it!" yelled Federico Boden, 28, a student. "Now all we have is pasta and pizza!"

Italy does not seem to rank as it once did for greatness. There is no new Fellini, Rossellini or Loren. Its cinema, television, art, literature and music are rarely considered on the cutting edge.

But it does have Ferrari, Ducati, Vespa, Armani, Gucci, Piano, Illy, Barolo — all symbols of style and prestige. What Italy has is itself, and many believe that the future rests in trademarking mystique into “Made in Italy.”

Italian wine was an early test. Producers moved with success from quantity swill to quality. Illy, the coffee house, has flourished by combining quality and uniformity with innovation in methods and style in presentation.

“This is where Italians are winners,” said Andrea Illy, the company’s president. “Use your particular strengths, which are beauty and culture.”

But Italian industry depended on low wages, making it vulnerable to competition from China as labor costs rose. Alarms began ringing years ago, with fears that many of Italy’s traditional businesses — textiles, shoes, clothes — could not compete. Many could not. In Friuli-Venezia Giulia, a chair-making capital, the number of chair companies has shrunk to about 800 from 1,200.

“At first they thought this phase would just pass,” said Massimo Martino, director of Maxdesign, a furniture company. “But in reality, many businesses ended up closing because fundamentally the market didn’t need them anymore. They didn’t want to change.”

Some companies took up the challenge. Wood was the primary material there, but Mr. Martino began to create chairs, mostly of molded plastic, well designed but inexpensive. Others decided that competing against China on price was impossible. Instead, the aim would be quality and Italy’s uniqueness, something China could not match.

Pietro Costantini, who runs a third-generation furniture company, said he began focusing not just on the upper end — he makes extra-large furniture for big Americans — but also on creating lines that would sell the Italian lifestyle itself. Customers are returning.

But entrepreneurs complain that they are alone. Politicians offered little help making Italy competitive, and this remains a major impediment to making their gains grow. Businesses want less bureaucracy, more flexible labor laws and large investments in infrastructure to make moving goods around easier.

“Now it’s time to change,” said Luca Cordero di Montezemolo, the chairman of Fiat and the president of Ferrari and the influential business group Confindustria. “If not, why are we going down in every classification of competition in the country? The reason is that in the best of cases we are stopped.”

It is not clear that this “Made in Italy” strategy will be enough. Skeptics argue that foreign investment, research and development funds and money invested by venture capitalists remain too low, as does Italy’s competitiveness.

But the nation’s entrepreneurs are a bright spot in a landscape with few others. Some argue that the younger generation is another key, if not now then when those in power die. They are educated, they are well traveled and, as Beppe Grillo does when he is attracting his masses, they use the Internet.

Two center-left parties merged to produce the Democratic Party, aimed at overcoming the system’s crippling fragmentation. All sides finally agreed that a new electoral law must be redone to give more breathing room to the winner of the next elections — crucial for pushing through any major changes.

But understanding the problems is the smallest step. Many worry in the meantime that Italy may share the same fate as the Republic of Venice, based in what many say is the most beautiful of cities, but whose domination of trade with the Near East died with no culminating event.

Napoleon’s conquest in 1797 only made it official.

Now it is essentially an exquisite corpse, trampled over by millions of tourists. If Italy does not shed its comforts for change, many say, a similar fate awaits it: blocked by past greatness, with aging tourists the questionable source of life, the Florida of Europe.

“The malaise is: ‘I can see all that, but there is nothing I can do to change it,’” said Beppe Severgnini, a columnist for *Corriere della Sera*.

But, he said, “to change your ways means changing your individual ways: refusing certain compromises, to start paying your taxes, don’t ask for favors when you are looking for a job, not to cheat when your child is trying to reach admission to university.”

“That’s the tricky part,” he said. “We have reached a point where hoping for some kind of white knight coming in saying, ‘We’ll sort you out,’ is over.”

“We Italians have our destiny in our hands more than ever before,” he said.

Peter Kiefer contributed reporting from Rome and Trieste, and Elisabetta Povoledo from Rome.